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*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Deputy Comptroller

DATE: 16 June 1952

FROM : Finance Division

SUBJECT: Pseudonym Files in Finance Division

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1. Returned is memorandum of 15 May 1952, subject as above, addressed to the Comptroller by the Security Officer, CIA, with attached report of the same date from [ ] to the Chief, Inspection Division. The memorandum was forwarded by you to this office for review and discussion.

2. I believe that some of my comments to [ ] may have been misunderstood. They were intended as generalities and preliminary to his examination of the records. However, this is of no consequence and does not necessarily reflect a basic difference of opinion. 25X1A

3. Regarding paragraph III b, d, and e, our files are not maintained in conformity with the apparent general opinion that real names and pseudonyms must never be shown on the same document, or maintained in the same file or safe. However, they are generally maintained in accordance with paragraph 1.9 b of the Confidential Funds Regulations. Various instructions, generally oral, have been issued and followed which prohibit association of the two names in a limited number of sensitive Agent cases. In the case of employees, association of the two names generally originates in the Operating Office which is aware of the method of handling in Finance. We have received no specific instructions for handling of such cases. This situation and the continued association of the two names (except in transmission of cables and memoranda) is believed to be common to the Operating Offices, Finance Division and other service divisions.

4. Regarding paragraph c, the Finance Division recommendations for handling of Agent payments are contained in our top secret memorandum of 25 April 1952, to OSO and OPC (copies to I&S and Comptroller). We believe the majority of payments could be made directly to the agent by a field station or cover organization, eliminating most of the problem. Special consideration could then be given to the few remaining cases including, if necessary, payment through Operations Officers or Case Officers. The Security Officer, CIA, has commented favorably on our memorandum. Replies from OSO and OPC have not been received.

5. Regarding paragraphs f and g, the Finance Division has, as noted in the report, given special consideration to the handling of Agent cases and our procedures appear to meet security standards except in the matter of filing receipted bank deposit slips or other evidence of payment. This fault would be greatly decreased if the recommendations to OSO and OPC (see paragraph 4, above) are approved. The remainder of true name receipts could be placed in a special file and keyed to the pseudonym by number or other means. To attempt this at the present volume level of payments

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would be undesirable if other more satisfactory action is contemplated. Accordingly, we recommend no change until replies are received to our memorandum of 25 April.

6. With the exception noted in paragraph 5, above, paragraph IV of the report refers to employees rather than Agents. Excluding Agents, we have the following comments regarding the conclusions stated in the report:

a. When the employee pseudonym system was originated, it was our understanding, as stated by OSO representatives, that the purpose was to protect security of documents while in transit but was not considered a security measure in the handling of documents at Headquarters. Accordingly, we have made no provision for additional personnel required to ensure separation of real name and pseudonym at Headquarters.

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b. In advising [ ] that three or four times the present personnel would be required to ensure separation of real names and pseudonyms, I did not intend to convey the impression this included all Finance Division employees. What was meant was that three or four times the personnel now employed in the processing of certain documents would be required. Specifically, it is the opinion of the various Branch Chiefs that approximately 31 additional positions would be required and that the change could not safely be undertaken until such employees are obtained and trained.

c. We believe the practice of associating real names and pseudonyms is common to Operating Offices, the Finance Division, and other service divisions. Accordingly, a change of procedure should be Agency wide and the additional personnel requirements of other offices should be considered.

d. We believe it possible that complete segregation of employees' real names and pseudonyms at the present volume level might create problems in the Finance Division and Personnel Division which would constitute a greater security hazard than now exists.

7. Before any action is taken on this memorandum or the attached report, we request a meeting of representatives of the Security Office, Comptroller, Finance Division and Personnel Division to discuss this matter in detail.

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[ ]  
Chief, Finance Division

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